



# LABOR NEWS

ARKANSAS DEPARTMENT OF LABOR

Mike Huckabee, Governor

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## U.S. LABOR FORCE PROJECTIONS TO YEAR 2014 RELEASED



According to the U.S. Department of Labor Bureau of Labor Statistics, the U.S. labor force – the number of persons working or looking for work – is projected to reach 162.1 million in 2014, an increase of nearly 15 million from the size of the labor force in 2004. This increase represents an annual growth rate of 1.0 percent, which is 0.2 percent lower than the annual growth rate of the previous decade, 1994-2004. The growth of the labor force is the result of simultaneous changes in the civilian non-institutional population and the labor force participation rates of the various sex, age, race, and Hispanic origin groups. During the 2004-14 period, the growth of the labor force will be due entirely to population growth, as the overall labor force participation rate is expected to decrease slightly from the 2004 level.

The labor force in the next 10 years will be affected by the aging of the baby-boom cohort, those born between 1946 and 1964. This age group will be between 50 and 68 years old in 2014, and is expected to show significant growth over the 2004-14 period, as it did from 2002 to 2012. The labor force will continue to age, with the annual growth rate of the 55-and-older group projected to be 4.1 percent, 4 times the rate of growth of the overall labor force. By contrast, the annual growth rate of the 25-to-54-year age group will be 0.3 percent, and that of the young age group consisting of 16-to-24-years-olds will be essentially flat.

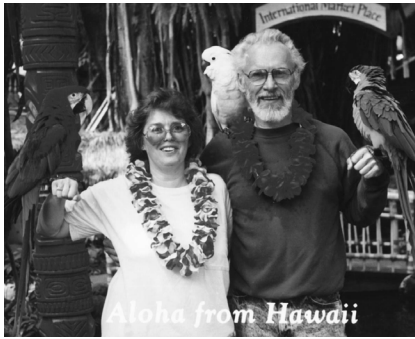
Another interesting fact is that the labor force participation rate of workers older than 55 has been increasing since the mid-1980s. The increase is projected to continue at least to 2014. The willingness of the 55 and older age groups to participate in the future labor force or to retire is a multidimensional decision. This decision may be the result of various factors such as the individual's health status and the status of pensions, savings, and anticipated social security payments. A growing proportion of the retirement-age population appears to be staging their transition from full-time work to full retirement, as well. One of the most important factors in the increase of the labor force participation rate of older workers has been governmental policies and legislation aimed at eliminating mandatory retirement and outlawing age  
*(continued on page 4 – see LABOR FORCE)*

## KATRINA STILL REEKING HAVOC ON EVACUEES

Based on information collected from the Bureau of Labor Statistics Current Population Survey-sampled households, there were about 800,000 persons aged 16 and older who had evacuated from where they were living in August due to Hurricane Katrina. About 300,000 of these persons had returned to the home from which they had evacuated by the time of the October survey, while the remaining 500,000 had not returned to their August residence.

Of the 800,000 evacuees, 55.7 percent were in the labor force in October, and their unemployment rate was 24.5 percent. The jobless rate among those who have not been able to return home (33.4 percent) was substantially higher than the rate for those who had returned to their August place of residence (10.5 percent).

It is important to note that these estimates are not representative of all evacuees, but only those who were interviewed through normal household survey procedures. Some evacuees reside outside the scope of the survey, such as those currently living in hotels or shelters. For more information, see the table in "Effects of Hurricane Katrina on BLS Employment and Unemployment Data Collection and Estimation" at <http://www.bls.gov/katrina.cpscesquestions.htm>



## A BIRD IN THE HAND...

**I**s this how you envision spending your golden retirement years...traveling abroad and doing all the things you put off while you were chained to the grindstone? If so, then act now to make sure it happens!

Providing for health care is an important part of retirement. Some employees are fortunate: they belong to employer-provided health care plans that carry over to retirement.

However, an important question arises for employees and retirees: How secure are my health care benefits after retirement? Under what circumstances can the company reduce or terminate my health benefits?

Employees and retirees should know that private-sector employers are not required to promise retiree health benefits. Furthermore, when employers do offer retiree health benefits, nothing in federal law prevents them from cutting or eliminating those benefits—unless they have made a specific promise to maintain the benefits.

The key to understanding your retiree health benefits lies in the documents governing your plan.

The Summary Plan Description (SPD) is a summary of the terms of the plan. Employers are required to provide a copy to you within 90 days after you become a participant in the plan.

For retirees, the SPD that was in effect when you retired may be the controlling document. You should save a copy of it. You also should save any SPD changes affecting your benefits after you retire.

In addition, there may be formal written documents that outline how your health plan is operated. These may include a collective bargaining agreement or an insurance contract.

If your employer has reserved the right in the SPD and controlling plan documents to change the terms of the plan, you may lose coverage at any time during your retirement. If your employer made a clear promise that you will have specific health care benefits for a definite period of time or for life, and did not reserve the right to change the plan, you should be covered.

Check all your plan documents with these questions in mind:

- Does the SPD or other plan documents promise that health benefits after retirement will continue at a specified level for a certain period of time?

- If there is no specific language describing retiree health benefits in your plan documents, it is unlikely that you have coverage. If there is such language, how specific is it?

Sometimes language covering retiree health benefits is included in the documents, but it is too vague to stand up to a test in the courts. Conversely, there is language on employee health benefits that has held up in court.

- Even if a specific promise is made, is there also language that gives your former employer the right to change or terminate that specific promise or to amend or terminate the entire plan?

If you are an employee reviewing the current plan, it is important to remember that it can change in the future. The documents in effect when you retire are the ones that will determine your health benefits, if any, in your retirement. However, court rulings in these matters have not been uniform.

Benefit plan documents are often not easy to interpret, and the language, described above, providing an employer's right to change benefits may be contained in any part of the documents.

Some courts may not enforce what seems like clear "promise" language if the plan document

contains general language reserving the employer's right to amend or terminate the plan.

On the other hand some courts have enforced clear promise language in an SPD, even in cases where the plan document contained a right by the employer to amend the promise. You need to check all documents.

You should obtain whatever information is available indicating the intentions of your former employer with respect to retiree health care benefits.

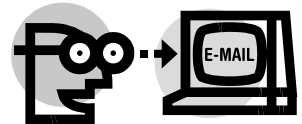
- Has your employer sent any correspondence—letters, brochures, medical plan booklets, employee handbooks or other written materials—containing promises concerning the duration of retiree health benefits?

- Are there records of meetings where your employer made such promises?

You should know that some courts may take into account any informal communications that you have had with your employer concerning retiree health care benefits, at least where the plan document and SPD are ambiguous.

As an employee or retiree, you are entitled to a copy of your SPD. You can request a copy from your employer or from the U.S. Department of Labor, Employee Benefits Security Administration, Division of Technical Assistance and Inquiries at any time and receive it within 30 days. There may be a reasonable charge (not to exceed 25¢ per page). However you have a right to examine plan documents at no cost to you.

To obtain copies of other plan documents, you must submit a written request to your employer. If you have questions or need assistance, contact EBSA's toll-free hotline number 1-866-275-7922, or visit their website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa)



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## IN THE WORKS

✂ A recent Bureau of Labor Statistics survey on volunteerism in America shows that 65.4 million people provided some sort of volunteer services this year, and more than 28 percent of the population volunteers through or for an organization.

✂ Productivity, as measured by output per hour, increased 6.1 percent in retail trade in 2004. Output rose by 6.5 percent while hours increased by 0.4 percent. Labor productivity rose in 21 of the 27 detailed retail trade industries in 2004. The largest increases were 18.1 percent in sporting goods and musical instrument stores and 17.2 percent in electronic shopping and mail order houses.

✂ Among 14 countries under comparison, seven, including the United States, had manufacturing productivity gains of more than 4.5 percent in 2004. Korea registered the largest gain (12.1 percent), followed by Sweden (9.3 percent). Manufacturing productivity increased in all of the compared economies except Italy and Australia.

✂ Average annual expenditures per consumer unit rose 6.3 percent in 2004, following increases of 0.3 percent in 2003 and 2.9 percent in 2002. The increase in expenditures from 2003 to 2004 was more than the 2.7 percent rise in the annual average Consumer Price Index (CPI) over this period. Changes in expenditures for the major components of spending were generally larger than a year earlier. Among the components, the 2004 increases for food (8.3 percent), housing (3.6 percent), apparel (10.7 percent), and healthcare (6.5 percent) were statistically significant.



## MINIMUM WAGE LEGISLATION ENACTED IN 2005

**M**inimum wage, child labor, drug and alcohol testing, equal employment opportunity, human trafficking, overtime, plant closings, prevailing wage, time off, wages paid, and worker privacy were among the most active categories of labor legislation enacted or amended during the year by the various individual States in the U.S..

The issue of minimum wages was a "hot-button" issue with more than 140 minimum-wage bills introduced in at least 42 States and the District of Columbia. In Connecticut, Florida, Hawaii, Minnesota, New Jersey, Oregon, Vermont, Wisconsin, and the District of Columbia, State minimum-wage rates increased either because of new legislation that was enacted, because of laws that were previously enacted and

that contained scheduled increases, or because of previously passed ballot initiatives. Georgia enacted legislation placing limits on local government entities controlling or affecting wages or benefits paid by parties doing business with those entities. Hawaii now prohibits employment measures from being instituted that could create a substantial probability of reducing the full-time employment opportunities of persons other than those to whom a special minimum-wage rate has been authorized. Maine instituted a minimum salary in order for individuals to be considered bona fide executive, administrative, or professional employees. New Mexico established a separate hourly wage rate (combining minimum-wage and tip earnings) for employees who earn at least \$30.00 per month in tips. Maine and Vermont passed legislation requiring the completion and submission of studies or analyses concerning living-wage issues.

At the present time, six States do not have a minimum-wage requirement. As of January 1, 2006, minimum-wage rates were higher than the Federal minimum-wage standard in 17 states and the District of Columbia. Of the 44 States with minimum-wage laws, only two (Kansas and Ohio) have required rates lower than the Federal rate of \$5.15 per hour. Arkansas' minimum wage rate has been \$5.15 since October 1, 1997.

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## WHAT A DAY FOR A DAYDREAM...

**S**o what does your average day look like? Up before dawn and working frantically till dusk? Or sleeping in and then taking a walk in the sun?

According to a survey by the U. S. Department of Labor, on an

“average day” in the United States in 2004, persons aged 15 and older slept about 8.6 hours, spent 5.2 hours doing leisure and sports activities, worked for 3.7 hours, and spent 1.8 hours doing household activities. The remaining 4.7 hours were spent in a variety of other activities, including eating and drinking, attending school, and shopping. This “average day” measure reflects the average distribution of time across all persons and days.

On an average weekday, in comparison, persons employed full time spent 9.2 hours working, 7.5 hours sleeping, 3.0 hours doing leisure and sports activities, and 0.9 hours doing household activities. The remaining 3.4 hours were spent in other activities, such as those described above.

Random tidbits:

☹ Among individuals 25 and older, those with less than a high school diploma spent 1.8 more hours per day engaged in leisure and sports activities than those with a bachelor’s degree or higher.

☹ About 76 percent of persons employed in management, business, and financial operations occupations reported working on a given day—a greater share than those employed in any other occupation.

## **LABOR FORCE** *(Continued from page 1)*

discrimination.

The women’s labor force is expected to grow at an annual rate of 1.0 percent during the 2004-14 projection period. This rate is slower than the group’s growth rate in the previous decade. Still, during the 2004-14 time frame, the women’s labor force will increase at a slightly faster rate than that of men, whose labor force is projected to grow at an annual rate of 0.9 percent. Men’s share of the labor force is expected to decrease from 53.6 percent to 53.2 percent in 2014. By contrast, the women’s share is projected to increase from 46.4 percent in 2004 to 46.8 percent in 2014.